



GEORGIA DEPARTMENT OF  
COMMUNITY HEALTH

# BENEFITS TESTING OVERVIEW

*STATE FISCAL YEAR 2009*

PRESENTATION TO THE GEORGIA BOARD OF COMMUNITY HEALTH  
AUDIT COMMITTEE

OCTOBER 8, 2009



Myers and Stauffer<sub>LLC</sub>

Certified Public Accountants



## ***BENEFITS TESTING OVERVIEW***

*STATE FISCAL YEAR 2009*

### **PURPOSE OF BENEFITS TESTING:**

Since SFY 2004, the Department of Community Health has engaged Myers and Stauffer to test claim payments made through the MMIS and the RxClaim systems, for specified periods and service categories, to determine if the payments were made according to Georgia Medicaid or PeachCare for Kids™ coverage and payment policies. If a claim or claim line item is paid incorrectly, in consultation with the Department's management and/or subject matter experts, we determine the amount of the underpayment (liability) or overpayment (receivable) for the claim and/or line item.

We report the total *potential* overpayments (receivable) and underpayments (liability) to the Department for each test area. Test areas include fee-for-service claims, Georgia Families capitation claims, and administrative fee payments. This engagement is **not** an audit of the Department or of providers.



## ***BENEFITS TESTING OVERVIEW***

*STATE FISCAL YEAR 2009*

### **BENEFITS TESTING: FEE-FOR-SERVICE**

#### **✓ DIFFERENCES BETWEEN PROCEDURES IN SFY 2004 THROUGH SFY 2008 AND SFY 2009**

⇒ SFY 2004 – 2008 - *EXTRAPOLATION*: EXTRAPOLATE SAMPLE CLAIM MISPAYMENTS TO UNIVERSE OF CLAIMS.

⇒ SFY 2009 - *NOT AN EXTRAPOLATION*: PROCEDURES INCLUDE TWO PARTS:

- 1) EACH MONTH, SAMPLE CLAIMS TO IDENTIFY CLAIM MISPAYMENT ISSUES IN SAMPLE;
- 2) IDENTIFY SIMILAR CLAIMS IN SFY TO DETERMINE REAL DOLLAR VALUE OF CERTAIN ERRORS IN UNIVERSE OF CLAIMS.



## ***BENEFITS TESTING OVERVIEW***

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### **BENEFITS TESTING: FEE-FOR-SERVICE (CONTINUED)**

#### **✓ TO IDENTIFY MISPAYMENT TYPES**

- ⇒ STRATIFIED RANDOM SAMPLE
- ⇒ MORE THAN 32,000 INDIVIDUAL CLAIMS/CLAIM LINES TESTED
- ⇒ INCLUDES MEDICAID AND PEACHCARE FOR KIDS CLAIMS PAID DURING SFY 2009

#### **✓ TO IDENTIFY CERTAIN MISPAYMENT AMOUNTS**

- ⇒ POTENTIAL OVERPAYMENTS TO PROVIDERS
- ⇒ FOR CERTAIN MISPAYMENT TYPES, IDENTIFY ADDITIONAL CLAIMS WITH SIMILAR MISPAYMENT CHARACTERISTICS.
- ⇒ CLAIMS IDENTIFIED IN UNIVERSE (SFY 2009) WITH SIMILAR CHARACTERISTICS
- ⇒ COMPUTE THE ANNUAL RECEIVABLE AMOUNT FOR THESE CLAIMS. BECAUSE PROVIDERS OFTEN IDENTIFY AND CORRECT CLAIM UNDERPAYMENTS, THE DEPARTMENT ONLY AUTHORIZED ANALYSIS ON MISPAYMENT ISSUES THAT RESULTED IN POTENTIAL OVERPAYMENTS.

## ***BENEFITS TESTING OVERVIEW***

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### **BENEFITS TESTING: FEE-FOR-SERVICE – FINDINGS**

#### **✓ POTENTIAL OVERPAYMENTS (RECEIVABLE)**

⇒ **\$45.7 MILLION**

⇒ IN SOME CASES, POTENTIAL RECEIVABLE AMOUNTS MAY BE COLLECTED, HOWEVER, SINCE THE MISPAYMENT ISSUE WAS IN PART DUE TO PROVIDER CLAIM COMPLETION AND/OR SUBMISSION ERROR(S), THE RECEIVABLE AMOUNTS MAY BE REDUCED OR ELIMINATED IN THE EVENT THE PROVIDER SUBMITS REVISED/CORRECTED CLAIMS FOR REPROCESSING.

⇒ LIKELY RECEIVABLE AMOUNT (TOTAL POTENTIAL RECEIVABLE LESS AMOUNTS THAT MAY BE REVISED/CORRECTED BY PROVIDERS): **\$10.8 MILLION**



## ***BENEFITS TESTING OVERVIEW***

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### **BENEFITS TESTING: FEE-FOR-SERVICE - FINDINGS**

#### **✓ ISSUE TYPES**

- ⇒ INCORRECT POSTING OF CLAIM EXCEPTION CODES
- ⇒ INCORRECT PRICING METHODOLOGY AND/OR RATES
- ⇒ INCORRECT APPLICATION AND/OR EXEMPTION OF CO-PAYMENTS
- ⇒ NON-CROSSOVER CLAIMS THAT SHOULD HAVE BEEN DENIED DUE TO MEDICARE ELIGIBILITY ISSUES
- ⇒ CLAIMS NOT ADJUSTED WHEN RETROACTIVE SYSTEM CHANGES OCCUR



## ***BENEFITS TESTING OVERVIEW***

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### **BENEFITS TESTING: FEE-FOR-SERVICE – NEXT STEPS**

#### **✓ RECOUPING OVERPAYMENTS**

- ⇒ DCH AND M&S WORKING WITH ACS TO REPROCESSES CLAIMS FOR SITUATIONS IN WHICH NO SYSTEM CHANGE IS NEEDED.
- ⇒ IF SYSTEM CHANGE REQUIRED, IDENTIFY SYSTEM CHANGE RESOURCE REQUIREMENTS, CORRECT SYSTEM WHEN POSSIBLE, THEN REPROCESS CLAIMS.
- ⇒ IF REPROCESSING IS NOT POSSIBLE, SETTLE WITH PROVIDERS OR MANUALLY CORRECT CLAIMS.

## ***BENEFITS TESTING OVERVIEW***

*STATE FISCAL YEAR 2009*

### **BENEFITS TESTING: GEORGIA FAMILIES (GF) PAYMENTS TO CARE MANAGEMENT ORGANIZATIONS (CMOs)**

#### **✓ TESTING CAPITATION AND DELIVERY PAYMENTS**

- ⇒ PAYMENTS WERE ANALYZED IN ACCORDANCE WITH GF COVERAGE AND PAYMENT POLICIES, INCLUDING TESTING FOR INSTANCES OF CAPITATION CLAIMS PAID FOR INELIGIBLE MEMBERS AND DUPLICATE PAYMENTS.
- ⇒ TESTING OF CLAIMS WAS COMPLETED IN SEVERAL ITERATIONS THROUGHOUT THE FISCAL YEAR TO AFFORD THE DEPARTMENT THE OPPORTUNITY TO CORRECT CONFIRMED MISPAYMENTS PRIOR TO JUNE 30, 2009.
- ⇒ FOLLOWING THE CONCLUSION OF SFY 2009, WE ANALYZED THE ENTIRE FISCAL PERIOD TO IDENTIFY NEW POTENTIALLY MISPAID CLAIMS THAT WERE THE RESULT OF THE DEPARTMENT'S MEMBER MERGE ACTIVITY OR UPDATED DATA IN THE MMIS AND THUS WERE NOT IDENTIFIED DURING THE VARIOUS MID-YEAR TESTING ITERATIONS.
- ⇒ ANALYZED FFS CLAIMS TO DETERMINE WHETHER FFS CLAIMS WERE PAID FOR MEMBERS ENROLLED WITH A CMO.



## ***BENEFITS TESTING OVERVIEW***

STATE FISCAL YEAR 2009

### **BENEFITS TESTING: GEORGIA FAMILIES (GF) PAYMENTS TO CARE MANAGEMENT ORGANIZATIONS (CMOs) - FINDINGS**

#### **✓ POTENTIAL OVERPAYMENTS (RECEIVABLE) / UNDERPAYMENTS (LIABILITY)**

	MISPAYMENTS IDENTIFIED DURING SFY	ESTIMATED MISPAYMENTS STILL OUTSTANDING AS OF JUNE 30, 2009	ESTIMATED AMOUNT CORRECTED PRIOR TO JUNE 30, 2009
<b>LIABILITY</b>	\$ (150,910)	\$ (76,321)	\$ (74,589)
<b>RECEIVABLE</b>	\$ 26,880,214	\$ 13,561,111	\$ 13,319,103
<b>TOTAL</b>	\$ 26,729,304	\$ 13,484,790	\$ 13,244,514

#### **✓ FFS CLAIMS PAID FOR CMO MEMBERS: OVERPAYMENTS (RECEIVABLE)**

	MISPAYMENTS IDENTIFIED DURING SFY	ESTIMATED MISPAYMENTS STILL OUTSTANDING AS OF JUNE 30, 2009	ESTIMATED AMOUNT CORRECTED PRIOR TO JUNE 30, 2009
<b>TOTAL</b>	\$ 335,832	\$ 135,757	\$ 200,075

## ***BENEFITS TESTING OVERVIEW***

*STATE FISCAL YEAR 2009*

### **BENEFITS TESTING: GEORGIA FAMILIES (GF) PAYMENTS TO CARE MANAGEMENT ORGANIZATIONS (CMOs) - FINDINGS**

#### **✓ ISSUE TYPES**

- ⇒ DUPLICATE CAPITATION PAYMENTS (MAJORITY OF DUPLICATE PAYMENTS RESULT OF NEW MEMBERS ENROLLED BY BOTH A HOSPITAL AND SUBSEQUENTLY BY A COUNTY OFFICE)
- ⇒ CAPITATION PAYMENTS FOR MEMBERS WITH NO CORRESPONDING MEMBER ELIGIBILITY RECORD OR LOCK-IN SPAN
- ⇒ CAPITATION PAYMENTS FOR MEMBERS WITH A CMO LOCK-IN SPAN THAT HAD NO CORRESPONDING MEMBER ELIGIBILITY RECORD
- ⇒ CAPITATION PAYMENTS TO A CMO THAT WAS DIFFERENT FROM THE CMO ASSIGNED TO THE MEMBER'S LOCK-IN SPAN
- ⇒ CAPITATION PAYMENTS AT A RATE INCONSISTENT WITH THE RATE SPECIFIED FOR THE CMO/COHORT/REGION FOR THE SPECIFIED DATE
- ⇒ MEMBERS WITH A CMO LOCK-IN SPAN AND NO CORRESPONDING CAPITATION PAYMENT
- ⇒ FFS CLAIMS FOR CMO MEMBERS



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### **BENEFITS TESTING: ADMINISTRATIVE FEE PAYMENTS**

#### **✓ ADMINISTRATIVE FEE PAYMENTS INCLUDE:**

- ⇒ NON-EMERGENCY TRANSPORTATION (NET)
- ⇒ DISEASE STATE MANAGEMENT PROGRAM (DMO)
- ⇒ GEORGIA BETTER HEALTH CARE (GBHC)
- ⇒ PRE-ADMISSION SCREENING RESIDENT REVIEW (PASRR)



## ***BENEFITS TESTING OVERVIEW***

*STATE FISCAL YEAR 2009*

### **BENEFITS TESTING: ADMINISTRATIVE FEE PAYMENTS - FINDINGS**

#### **✓ POTENTIAL OVERPAYMENTS (RECEIVABLE) / UNDERPAYMENTS (LIABILITY)**

	MISPAYMENTS IDENTIFIED DURING SFY	ESTIMATED MISPAYMENTS STILL OUTSTANDING AS OF JUNE 30, 2009	ESTIMATED AMOUNT CORRECTED PRIOR TO JUNE 30, 2009
RECEIVABLE	\$ 196,223	\$ 103,036	\$ 93,187



## ***BENEFITS TESTING OVERVIEW***

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### **BENEFITS TESTING: ADMINISTRATIVE FEE PAYMENTS - FINDINGS**

#### **✓ ISSUE TYPES**

- ⇒ DUPLICATE ADMINISTRATIVE FEE PAYMENTS
- ⇒ PAYMENTS FOR MEMBERS WITH NO CORRESPONDING MEMBER ELIGIBILITY RECORD OR LOCK-IN SPAN
- ⇒ PAYMENTS FOR MEMBERS WITH A LOCK-IN SPAN THAT HAD NO CORRESPONDING MEMBER ELIGIBILITY RECORD
- ⇒ PAYMENTS AT A RATE INCONSISTENT WITH THE RATE SPECIFIED FOR THE PROVIDER/REGION FOR THE SPECIFIED DATE

## ***BENEFITS TESTING OVERVIEW***

STATE FISCAL YEAR 2009

### **BENEFITS TESTING: SFY 2009 MISPAYMENT AND CORRECTION SUMMARY**

	NET MISPAYMENTS IDENTIFIED DURING SFY	ESTIMATED NET MISPAYMENTS STILL OUTSTANDING AS OF JUNE 30, 2009	ESTIMATED AMOUNT CORRECTED PRIOR TO JUNE 30, 2009	ESTIMATED PERCENTAGE CORRECTED PRIOR TO JUNE 30, 2009
FEE-FOR-SERVICE RECEIVABLE	<sup>1</sup> \$ 10,800,000	<sup>1</sup> \$ 10,800,000	\$ 0	0.00%
GEORGIA FAMILIES NET RECEIVABLE	\$ 26,729,304	\$ 13,484,790	\$ 13,244,514	49.55%
FFS CLAIMS PAID FOR CMO MEMBERS - RECEIVABLE	\$ 335,832	\$ 135,757	\$ 200,075	59.58%
ADMINISTRATIVE FEE RECEIVABLE	\$ 196,223	\$ 103,036	\$ 93,187	47.49%
<b>TOTAL NET RECEIVABLE</b>	<b>\$ 38,061,359</b>	<b>\$ 24,523,583</b>	<b>\$ 13,537,776</b>	<b>35.57%</b>

<sup>1</sup> TOTAL MISPAYMENTS IDENTIFIED IS EQUAL TO \$45.7 MILLION. THIS AMOUNT REPORTED (\$10.8 MILLION) REPRESENTS THE LIKELY NET RECEIVABLE RESULTING FROM ERRORS THAT MAY NOT BE RE-SUBMITTED BY THE PROVIDER.